



Memorandum

To: Honorable Members of the House Commerce Committee
From: Chris Fisher, President
Associated Builders and Contractors of Michigan
Date: June 21, 2011
Re: Support of Senate Bill 165

On behalf of our statewide membership we strongly encourage your support of Senate Bill 165 to create the Fair and Open Competition in Governmental Construction Act. This is a common sense bill that will promote two important objectives that all citizens can easily support: **Equal opportunity and fiscal accountability.**

This bill is identical to House Bill 4287 (as amended) that passed out of the Commerce Committee earlier in the year. The only change is a technical clarification that was added to Section 7 of the bill.

Important industry issues such as training, safety and quality of work are not affected by this legislation. SB 165 is limited and very clear in scope simply stating that all Michigan construction workers and firms will be protected from being discriminated against and denied work opportunities based on their labor status.

Nobody should be denied equal access to opportunity because they decide to affiliate with a labor union or not affiliate with a labor union. SB 165 explicitly protects businesses and workers against such discrimination to ensure that all workers and companies, union and non-union alike, may work on projects funded by their own tax dollars.

Anti-competitive contracts for public construction projects create a special-interest monopoly and violate free enterprise principles of full, fair and open competition. The result of less competition is that construction costs increase by as much as 10 to 20 percent resulting in citizens being denied the fiscal accountability they deserve on public construction contracts.

Moreover, the proposed open competition legislation explicitly ensures against this being another "union verses non-union" issue. Instead the language protects everyone, union ***and*** non-union, to ensure equal opportunity for all citizens and businesses in government construction. On one hand, it prohibits anti-competitive non-union-only contracts, while, on the other hand, prohibiting anti-competitive union-only contracts. Both anti-competitive extremes are prohibited.

Like other reform-oriented states, Michigan must pass legislation that will neither prohibit nor require agreements with union organizations for governmental construction projects. This ensures that the state does not discriminate against any business or worker on the basis of union affiliation. Michigan taxpayers will also benefit from having public construction that is completed by the lowest and most qualified bidder to ensure greater accountability of public funds.

Thank you for your hard work in the House of Representatives and, again, we encourage your support of Senate Bill 165 to promote fiscal accountability and equal opportunity.